5000, 11-27—52,004—27-10-47.

Development (1948) Department.

MS-SERIES

G.O. NO. 4105

Dated 5-8-48

[Despatch Abstract.]

Act and Rules - Coop. Societies Act -
Section 6(b) and 35 of the Coop. Societies Act.
Tirè Padaru Coop. Township near Mangalore
Exemption granted.

Co-operative DEPARTMENT.

In reply, please quote number, date and short title.*

Received ..... *registered* .....

From (Name) Sri Rao Bahadur J.C.Kiran M.A.,

(Designation) Registrar of Cooperative Societies

Post Box ....., (STATION) MADRAS.

Telegraphic Address .....

To

The Secretary to Government,
Development Department,
Fort St., Geoerge MADRAS.

No. Rc.40464/48 411, *dated* 24th June 1948.

Sir,

ENCLOSURES ✓

SPARE COPIES .....

Housing - Padavu Cooperative Township near Mangalore - Registration of -
Ref: G.O.No.1445 Development Dated 22-3-1948.

In the G.O cited, Government accorded their general approval to the scheme of forming a Cooperative Township at Padavu near Mangalore.

2. An organisation meeting of the promoters was convened at Mangalore on 16-6-1948 and the township was organized. A copy of the draft bylaws proposed to be adopted by the promoters the application for registration of the Township are enclosed for favour of reference and return.

3.(a) Attention is invited to bylaw No.8(a) in which the individual share holding limit is fixed at 200 shares of Rs.10/-. each ie at Rs.2000/- According to section 6(b) of the Madras Cooperative Societies Act; no member can have shares in a Cooperative Society exceeding Rs.1000/-. This Government have given general exemption for Cooperative house building societies from the provision of this section and have permitted their members to have share capital upto Rs.3000/- (Vide G.O. No.4602 Development dated 20-8-47) I consider that special exemption is necessary as the proposed society is a Cooperative Township and not a Cooperative House Building Society.

(b) Bylaw 36 provides for the creation of special Funds to carry out the amenities referred to in paragraph 2 of the G.O. provision is also made in this bylaw for the creation of a Dividend Equalization Fund. As the payment is not out of net profits, it may be said that this is a violation of section 35 of the Madras Cooperative Societies Act which prohibits the division of funds among the members of a society; specific exemption is also necessary in this case.

4. I therefore request that Government may be pleased to exempt under 59 of the Madras Cooperative Societies Act the proposed Cooperative Township from the provisions of section 6(b) and 35 of the Madras Cooperative Act and to permit the registration of bylaws providing for the holding of shares by a member upto Rs.2000/- in the society and also the payment of Dividend from the Dividend Equalization Fund created under bylaw 36. Such exemptions were given by Government in the case of the Katpadi Cooperative Township - Vide G.O.Ms.No.1711 Development dated 21-4-1947 - after the bylaws were registered.

5. Bylaw 60 relating to net profits also offends the provision of the Act in that only 12½% of the net profit is proposed to be carried to the Reserve Fund instead of 25% and that the expenditure on Common Good purposes out of the General Reserve Fund is not restricted to 7½% of the net profit as required in Section 36 of the Madras Cooperative Societies Act. I am not however approaching Government for exemption in this respect. I am asking the promoter to adopt bylaw 60 in the following modified form which is in accordance with the provision of the Act and the Rules:-

" Twenty five percent of the net profit of the Township as declared by the Registrar year after year shall be carried to the Reserve Fund.

The balance shall be divided as follows:

(i) A dividend subject to a maximum of 5% per annum on the paid up value of share capital held by each and also to the period during which the paid up share capital was so held during the year. The dividend declared shall not actually be disbursed to the members so long as any loan is outstanding against them. The amount found due to each member shall be credited to his loan account.

(2) If there be any balance a sum not exceeding 7½% of the net profit may be carried to the Common Good Fund to be utilized for any of the purposes mentioned in Section 2 of the Act VI of 1890 (India) Viz., education and medical relief, if the general body so wishes.

(3) The remainder if any shall be credited to the General Reserve Fund. This fund shall in the first instance be utilized for the repayment of unwanted capital from year to year as decided by the Board of Directors and approved by the Registrar subject to the provisions of bylaw 9."

6. I solicit early order on paragraph 4 of my letter.

for Registrar.

Development Dept.

Sub:- Acts and Rules - Co-operative Societies Act - Section 6 and 35 of the Co-operative Societies Act - The Padavu Cooperative Township near Mangalore - Exemption granted.

Read:- G.O. MS.1445 Development dated 22-3-48.

From the R.C.S. No.RC.40464/48-XII dt.24-6-48.

G.O. MS 4105 Development dt. 5-7-48

In exercise of the powers conferred by Section 59 of the Madras Co-operative Societies Act, 1932(Madras Act VI of 1932), His Excellency the Governor of Madras hereby exempts the Padavu Co-operative Township proposed to be formed near Mangalore from the provisions of Section 6(b) and Section 35 of the said Act and permits

(1) the investment by individual share-holders in the proposed Township in shares to the value of Rs.2000/- (Rupees Two Thousand Only); and

(2) the constitution by the Township of a Dividend Equalisation fund of Rs.3,00,000 (Rupees Three

Lakhs only) from out of the sale proceeds of plots by the Township.

2. The copy of the draft bylaws and the application received from the R.C.S with his reference cited are returned herewith. Mp 3-17 C.F.

Dev.C.No.71609BII/48 Development Dept.

Sub:- Acts and Rules - Cooperative Societies Act - Section and 35 of the Co-operative Societies Act - The Padavu Co-operative Township - Exemption - Proposal.

Ref:- From the R.C.S No.R.C.40464/48-BII dated 24-6-48.

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Attention is invited to the Registrar's letter on the 1-2cs.

The Registrar has submitted a copy of the draft bylaws of the Padavu Cooperative Township. In bylaw 8(a) the individual share-holding limit is fixed at 200 shares of Rs.10/- each (i.e) Rs.2000/-. According to section 6(b) of the Cooperative Societies Act, no member can have shares in a Co-operative Society exceeding Rs.1000/-. The Government have given general exemption to Co-operative House Building Societies and Copperative House Construction Societies from the provisions of Sec.6(b) to enable members to have share capital upto Rs.3000 and 5000 respectively. The Registrar requests that specific exemption may be given to the Padavu Cooperative Town-ship from the provisions of Sec.6(b) of the C.S.Act as this is a township and not a building Society. For orders whether the exemption asked for will be given.

2. The Padavu Township Scheme, as approved by Government, contemplates the creation of a Dividend Equalization fund of Rs.3 lakhs from out of the sale proceeds of plots to members. The fund is intended to be drawn upon for payment of dividend to members as the Township will not be in a position to pay any dividend during the initial years. Bylaw 36 of the draf bylaw submitted by the R.C.S provides for this fund. As the creation of such a fund is in violation of Section 35 of the C.S. Act, which prohibits the division of the funds of the Society, among the members, the Registrar requests exemption from this Section also. Such an exemption was given in the case of the Katpadi Cooperative Township. For orders whethe the exemption asked for will be given, Subject to orders a draft order is submitted for approval.

H.M.(C.A.)

H.M.(F.D.)

P.T.O

while I accept the exemption asked for. I feel it is high time that we change the rule regarding maximum no of shares. The maximum of Rs 1000/- was fixed over 25 yrs ago. Under the present condition we have to increase it to Rs 2000/- or so. Please take up this question.

3/8/48

DEPUTY SECRETARY TO GOVERNMENT
3 1948
DEVELOPMENT DEPARTMENT

The draft order may be issued and the question of amending the Corp. Societies Rules with reference to HM's minute above may be taken up in consultation with the Regs. after issue of the order.

Noted

D.; I see no reason why the general exemption question be separately after the

Ephaeb seen
25.8.48

issued as GoMs. 4105 Dev. d. 5-8-48.] pp 3-4 Cf